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6 *Attorneys for Defendant uPost Media, Inc.*

7 **UNITED STATES DISTRICT COURT**
 8 **DISTRICT OF NEVADA**

9 NSIXTY, LLC,
 10 Plaintiff,
 11 v.
 12 UPOST MEDIA, INC.,
 13 Defendant.

Case No.: 2:17-cv-02233-KJD-CWH

EMERGENCY MOTION TO STAY PENDING THE DECISION ON THE MOTION TO STAY PENDING REEXAMINATION BEFORE THE UNITED STATES PATENT AND TRADEMARK OFFICE

16
 17 Defendant UPOST MEDIA, INC. (“Defendant” or “uPost”) respectfully requests this
 18 Court on an expedited basis stay all proceedings (the “Emergency Motion”), including discovery,
 19 pending resolution of uPost’s October 25, 2017 Motion to Stay Pending Reexamination Before
 20 the United State Patent and Trademark Office (the “Motion to Stay”).

21 As set forth in the accompanying declaration of counsel under LR II 7-4, counsel for uPost
 22 sought to meet and confer with Plaintiff’s counsel to stipulate to a stay of all proceedings including
 23 discovery pending the Court’s ruling on Defendant’s Motion to Stay. (*See* Declaration of F.
 24 Christopher Austin, *infra*, at ¶¶7-8.) Having received no responses from Plaintiff’s counsel to its
 25 proposal, uPost brings this Emergency Motion. *Id.* uPost brings this Motion because it does not
 26 have the wherewithal to engage in discovery or discovery disputes raised by Plaintiff during the
 27 pendency of its Motion to Stay. *Id.* at ¶¶3-5; *see also, See* Declaration of Richard Dural in Exhibit
 28 1 of the Motion to Stay (ECF #27), reattached as Exhibit 1 herein for convenience. Absent a stay,

1 uPost will unfairly be forced to close its business and default on this matter, a matter on which it
 2 would otherwise prevail on the merits. Austin Dec. at ¶¶3-5; Exh. 1.

3 As noted in uPost's December 1, 2017, Supplement to the Motion to Stay, the United
 4 States Patent and Trademark Office has determined that substantial new questions of patentability
 5 exist concerning the asserted patents and has ordered *Ex Parte* Reexamination of all claims in
 6 each of the asserted patents. *See* Sup. Mot. Stay, (ECF #36). uPost maintains that any impartial
 7 observer would almost instantly conclude upon a brief review of the claims in the asserted patents
 8 that the patent claims could not possibly have been novel and non-obvious as of the effective
 9 filing date of the asserted patents.

10 As noted in the Defendant's Motion to Stay, uPost is not yet a profitable company, and
 11 does not have the means to withstand the expense of federal patent litigation even though it is
 12 fully confident it would ultimately prevail in such an action. Exh. 1. As such, uPost has defended
 13 itself in the only affordable means available to it, by properly filing a Request for Ex Parte
 14 Reexamination of the asserted patents and requesting this Court to stay these proceedings until
 15 the USPTO finds the patents invalid as provided by Congress when it established the Ex Parte
 16 Reexamination process. *See* Exh. 1.

17 As noted in uPost's January 5, 2017, Supplement to the Motion to Stay, on January 4,
 18 2018, the U.S. District Court for the District of Maryland stayed similar litigation brought by
 19 nSixty against a2z Inc. and Pixe LLC. nSixty, aware of all the foregoing, immediately contact
 20 uPost's attorneys alleging that uPost's responses to its discovery requests were inadequate and
 21 requesting that uPost provide additional responses. *See* Exhibit 2 Email from Matthew J.
 22 Cavanagh. Further nSixty also sent an outrageous settlement proposal, incredulously arguing that
 23 uPost has engaged in overly-aggressive litigation tactics. *See* Exhibit 3 Email from Matthew J.
 24 Cavanagh.

25 nSixty is well-aware of the weaknesses of its patents and infringement contentions, and
 26 given the Stay in the copending case, seeks to exert its only means of leverage against uPost;
 27 namely, the burden of litigation costs to uPost. uPost has in no instance engaged in any aggressive
 28 or overly litigation tactics, as it simply cannot afford to do so. The only aggressive tactics in this

1 case have come from the party that filed the law suit. Indeed, as stated in the Declaration of
 2 Richard Dural in Exhibit 1, uPost will not be able to withstand the costs of continued discovery
 3 requests and disputes. As nSixty has been made aware, uPost has not yet been able to pay all its
 4 attorney's fees, and, thus, cannot continue to authorize further legal work in this case.

5 Given the foregoing, allowing this case to proceed, or delaying a decision on the Motion
 6 to Stay Pending Reexamination without staying this case is tantamount to not only denying
 7 uPost's Motion to Stay Pending Reexamination, but will be dispositive on the proceedings itself.
 8 See Austin Decl., *infra*, at ¶¶ 3-4. Accordingly, so that this case may be decided on the merits
 9 and not by the costs of the process when federal law already provides for a stay of litigation in
 10 favor of an already commenced USPTO reexamination just for the purpose of avoiding having
 11 the costs of the process rather than the merits determine outcomes, uPost respectfully requests
 12 that this court stay all proceedings, including discovery until the Court enters and order on uPost's
 13 Motion to Stay Pending Reexamination Before the United State Patent and Trademark Office.

14 Dated this 15th day of January 2018.

15 **WEIDE & MILLER, LTD.**

16 By: /s/ F. Christopher Austin
 17 F. Christopher Austin

18 caustin@weidemiller.com

19 Ryan Gile

20 rgile@weidemiller.com

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 7251 W. Lake Mead Blvd., Ste. 530
 Las Vegas, NV 89128

22 Attorneys for Defendant, Defendant uPost
 Media, Inc.

23 / / /

24 / / /

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28

DECLARATION OF F. CHRISTOPHER AUSTIN**IN ACCORD WITH LR II 7-4**

I, F. Christopher Austin, declare under penalty of perjury under the laws of the United States of America that the following is true and correct based on my personal knowledge, information or belief.

1. I am an attorney with the law firm of Weide & Miller, Ltd. which is counsel of record for the Defendant in this action and make this declaration in support of Defendant's Emergency Motion to Stay Pending Reexamination Before the United States Patent and Trademark Office. This Declaration is made in accordance with the requirements set forth in LR II 7-4.

2. I make this Declaration based on personal knowledge and, if called and sworn as a witness, I could and would competently testify as set forth below.

3. As set forth in the Declaration of Richard Dural in Support of Motion to Stay Pending Reexamination Before the United States Patent and Trademark Office, attached hereto for the convenience of the Court as Exhibit 1, uPost has no financial ability to continue to defend this case or to engage in discovery or discovery disputes.

4. Knowing this, Plaintiff's counsel has sought to take advantage of uPost inability to further fund the defense of this action by raising numerous discovery disputes and making several discovery demands, and by demanding uPost immediately respond to the same or face the costs and expense of defending motions to compel. Attached as Exhibit 2 to the Motion is a true and accurate copy of a January 5, 2018, email from Matthew J. Cavanagh, counsel for Plaintiff, setting forth such demands.

5. Mr. Cavanagh also sent a email on the same day claiming that uPost had engaged "overly-aggressive litigation tactics" in an apparent effort to further cause uPost to expend funds on attorneys it does not have to engage in fruitless settlement discussions. Attached as Exhibit 3 si a true and accurate copy of this January 5, 2018, email from Mr. Cavanagh. Plaintiff knows full well uPost has no funds to pay in settlement, nor would uPost agree to any settlement requiring

1 it to pay anything when all the claims asserted by Plaintiff are presently subject to denial in the
 2 ongoing Reexamination process before the USPTO. The issue is really whether uPost can survive
 3 the time required for the Court to rule on its Motion to Stay Pending Reexamination, which is the
 4 reason for this Emergency Motion.

5 6. In those demands, Plaintiff's counsel threatened to take action if uPost was unable
 6 to produce satisfactory responses by January 12, 2018. uPost views these demands as a tactic to
 7 bring uPost to its knees and cause the closure of its business under the threat of interminable legal
 8 costs regarding discovery and settlement. Rather than face an imminent threat of further motion
 9 practice on discovery disputes, uPost brings this Motion on an emergency basis requesting the
 10 Court's assistance to stay all such actions until the Court rules on uPost's pending Motion to Stay
 11 Pending the Reexamination proceedings presently underway before the USPTO.

12 7. To that end after receiving Plaintiff's January 5, 2018, email and discussing the
 13 same with uPost's principals, I reached out to Mr. Cavanagh by email on January 9, 2018, and by
 14 phone on January 11th, requesting a stipulation to stay discovery (in addition to the stay presently
 15 in place) until the Court rules on uPost's Motion to Stay Pending Reexamination. Attached as
 16 Exhibit 4 is a true and accurate copy of my email response to Mr. Cavanagh.

17 8. To date, I have received no response to either my email or phone requests, but to
 18 avoid having to further engage in discovery or other disputes until the Court rules on uPost's
 19 Motion to Stay Pending Reexamination, uPost brings the foregoing Motion on an Emergency
 20 Basis to stay all actions in this matter including discovery pending the same.

21 Dated this 15th day of January 2018.

22
 23

 24 F. Christopher Austin, Esq.
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 26
 27
 28

1
2 **CERTIFICATE OF SERVICE**
3

4 I hereby certify that I am an employee of WEIDE & MILLER, LTD. and that on January 5,
5 2018, I served a full, true and correct copy of the foregoing **EMERGENCY MOTION TO**
6 **STAY PENDING THE DECISION ON THE MOTION TO STAY PENDING**
7 **REEXAMINATION BEFORE THE UNITED STATES PATENT AND TRADEMARK**
8 **OFFICE** via the United States District Court's CM/ECF filing system upon the following:

9 Michael D. Rounds
10 Brownstein Hyatt Farber Schreck, LLC
11 5371 Kietzke Lane
12 Reno, NV 89511
13 mrounds@watsonrounds.com

14 David B. Cupar
15 Matthew J. Cavanagh
16 McDonald Hopkins LLC
17 600 Superior Avenue, East, Ste. 2100
18 Cleveland, OH 44114
19 dcupar@mcdonaldhopknis.com
20 mcavanagh@mcdonaldhopkins.com

21 */s/ Sally Wexler*
22 An employee of WEIDE & MILLER, LTD.
23

EXHIBIT 1

EXHIBIT 1

1 F. Christopher Austin (Nevada Bar No. 6559)
caustin@weidemiller.com
2 Ryan Gile (Nevada Bar No. 8807)
rgile@weidemiller.com
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Attorneys for Defendant uPost Media, Inc.

**UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA**

10 | NSIXTY, LLC,

11 || Plaintiff,

12 v.

13 || UPOST MEDIA, INC.,

14 || Defendant.

Case No.: 2:17-cv-02233-KJD-CWH

**DECLARATION OF RICHARD DURAL IN
SUPPORT OF MOTION TO STAY
PENDING REEXAMINATION BEFORE
THE UNITED STATES PATENT AND
TRADEMARK OFFICE**

I, Richard Dural, declare under penalty of perjury under the laws of the United States
that the following is true and correct:

19 1. I am over the age of 21, under no disability, and am competent to testify to the
20 matters contained in this declaration. I make this declaration in support of uPost's Motion to
21 Stay Pending Reexamination before the United States Patent and Trademark Office ("Motion to
22 Stay").

23 2. I am the President and Secretary of uPost Media, Inc., ("uPost"). uPost is
24 registered in the state of Nevada and maintains its corporate headquarters in Las Vegas, Nevada.

25 3. uPost markets to businesses serving customers in the retail service industries (e.g.
26 gaming, amusement, bar and restaurant, events, hotel, travel destinations, etc.)

27 4. uPost is in the business of helping businesses increase sales and visibility by
28 providing “Selfie Solution” kiosks at business locations where visitors can obtain digital copies

1 of photographs of themselves and those in their group at the client business location in which
 2 the business location is the background of the image. These “Smart Selfies” are then enhanced
 3 with the client business brand so that when visitors share the images on email or social media,
 4 the business brand gains grass-root marketing exposure.

5 5. In addition, uPost collects marketing data from kiosk patrons to help their
 6 business customers improve their marketing efforts.

7 6. True and accurate copies of print outs from uPost’s website detailing uPost’s
 8 business model are attached to the Motion to Stay as Exhibit 8

9 7. As indicated in Exhibit 8, uPost employs the same “selfie” technology that has
 10 long been in the public domain—most notably on smart phones—and places it on a kiosk for the
 11 convenience of patrons and pairs it with branding and data marketing software for the benefit of
 12 its business customers.

13 8. As noted in uPost’s response to NSixty’s complaint, not only does uPost deny it
 14 infringes either of the NSixty patents, because its kiosks do not perform all the elements claimed
 15 by the patents, uPost maintains that NSixty’s patents are invalid since as indicated in the
 16 Reexamination petitions the technology claimed by NSixty was disclosed and in the public
 17 domain long before NSixty’s patents issued.

18 9. In addition, uPost’s business is not competitive with NSixty. uPost business
 19 presence is almost entirely limited to the Las Vegas, Nevada area. To my knowledge, uPost has
 20 no kiosks in any state in which NSixty is present or competing.

21 10. As President and Secretary of the business, I am personally aware of uPost’s
 22 financial situation. The uPost business is fledgling. It has yet to post a profit. As such, uPost
 23 likely could not withstand the expense of federal patent litigation even though it is confident it
 24 would ultimately prevail in such an action.

25 11. In fact, uPost cannot even afford to engage in an adverse inter parties review
 26 (“IPR”) process before the USPTO.

27 12. An IPR proceeding is far more expensive than an *ex parte* reexamination. This is
 28 because in addition to much steeper filing fees, the petitioner in an adverse IPR proceeding

needs patent counsel to respond to any filings or claims brought by the patent holder.

2 13. In an *ex parte* reexamination proceeding, the petitioner files the petition and has
3 no further input in the process.

4 14. So, even though I believe an IPR proceeding may have given uPost a better
5 opportunity to challenge NSixty's patents, uPost is unable to bring such a petition because it
6 does not have sufficient revenue or capital to sustain it.

7 15. Thus, the only means uPost has to challenge what we sincerely believe are
8 invalid patents is the *ex parte* reexamination process. So, as provided by the statute and in
9 accordance with the reasons that the *ex parte* reexamination process was adopted by Congress
10 (to reduce the unfair burden of defending against patent's of questionable validity), that is the
11 process we initiated.

12 || Dated: September 24, 2017

Richard E. Dural

EXHIBIT 2

EXHIBIT 2

Brian Prince

From: Cavanagh, Matthew J. <mcavanagh@mcdonaldhopkins.com>
Sent: Friday, January 05, 2018 8:15 AM
To: F. Christopher Austin
Cc: Weaver, Ashley; Cupar, David B.; 'Rounds, Mike'; Brian Prince; James Morris
Subject: NSixty v. uPost -- discovery
Attachments: RE: NSixty v. uPost -- Jan. 5 settlement conference

Chris:

I'm writing to follow up on my December 18 and 20 emails, attached. NSixty's consent motion to stay the January 5 settlement conference was made with the understanding that uPost would cooperate in providing full responses to NSixty's discovery requests, at least as they relate to financial and sales information, as well as its bases for non-infringement, invalidity, and unenforceability, if any.

As non-limiting examples:

- uPost refused to respond to Interrogatory No. 9, which seeks information about each revenue-producing transaction for the accused products. While uPost did produce some sales documents in response to RFP No. 5, those documents are incomplete. They span only the time frame of January to October for the years 2016 and 2017. Data for the months of November and December are missing. More, uPost's interrogatory responses indicate the Stand-Alone Kiosk 19" Screen has been available to customers since January 2013 and the Stand Alone Kiosk Break Down Unit has been available since June 2014. The '115 patent issued on December 31, 2013. Please provide a full response to RFP No. 5, dating from December 31, 2013.

- Further, no documents responsive to RFP Nos. 15 and 16 have been produced, even though uPost stated it would produce these documents. Please produce these.

- As to its defenses, uPost claimed privilege over all documents relating to the asserted patents (RFP No. 7), those considered in preparing its contentions (RFP No. 12), and those relating to alleged prior art (RFP No. 19). Please confirm, then, that uPost's invalidity, non-infringement, and unenforceability contentions are limited to those invalidity grounds raised in the ex parte reexaminations. If not, please produce uPost's contentions and the supporting documents as required by the Court's scheduling order and NSixty's discovery requests, including RFP Nos. 7, 12, and 19 and Interrogatory Nos. 15-19.

We are required to report back to the Court on February 2 with the status of obtaining this discovery and discussing settlement. Please let me know if you will be able to provide the requested information by Friday January 12. That will give NSixty one week to evaluate it, and the parties will have two weeks to discuss settlement. I look forward to your cooperation. Thank you.

Matt Cavanagh
Member

T: 216.348.5730
F: 216.348.5474
mcavanagh@mcdonaldhopkins.com
www.mcdonaldhopkins.com

600 Superior Avenue East
Suite 2100
Cleveland, OH 44114



EXHIBIT 3

EXHIBIT 3

Brian Prince

From: Cavanagh, Matthew J. <mcavanagh@mcdonaldhopkins.com>
Sent: Friday, January 05, 2018 8:26 AM
To: F. Christopher Austin
Cc: Weaver, Ashley; Cupar, David B.; 'Rounds, Mike'; Brian Prince; James Morris
Subject: NSixty v. uPost

Chris,

NSixty offers the following to settle this case: uPost pays \$100,000, and in return it receives a release for past infringement and a paid-up license for future sales.

The amount of NSixty's offer reflects, in part, uPost's inefficient and overly-aggressive litigation tactics that forced NSixty to incur significant legal fees in responding to a motion to transfer, responding to the ex parte reexaminations (which fees continue to be incurred), opposing the motion to stay, producing detailed patent infringement disclosures, and dealing with uPost's refusal to produce discovery needed for the case and to evaluate settlement. Given the relatively low revenues that we have seen so far, uPost should have disclosed its sales immediately when NSixty first requested it. That way, the parties could have streamlined their discussions in a productive way and put their money and efforts towards a settlement. By holding back that relevant information, which precluded the parties from having real settlement talks, uPost has unnecessarily run up both sides legal bills and not moved the parties any closer to settlement and resolution.

We hope to now move past this. To that end, I look forward to having meaningful settlement talks over the next few weeks, with the goal of resolving this matter quickly and in a way that saves both sides from incurring more significant legal fees. I can make myself available for a phone call to talk more about settlement (in accordance with the Court's order granting our stipulation) next week during the day on Tuesday or during the evening hours (in EST time zone) on Monday, Wed., or Thursday. Please let me know what works for you.

Regards,
Matt

Matt Cavanagh
Member

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McDonald Hopkins
A business advisory and advocacy law firm®

EXHIBIT 4

EXHIBIT 4

Brian Prince

From: F. Christopher Austin
Sent: Tuesday, January 09, 2018 4:09 PM
To: Cavanagh, Matthew J.
Cc: Weaver, Ashley; Cupar, David B.; 'Rounds, Mike'; Brian Prince
Subject: RE: NSixty v. uPost -- discovery

Importance: High

Matt:

As you know, uPost does not have the funds to engage in further discovery in this matter. Will you agree stipulate to stay discovery until the court rules on our motion to stay the case pending the Re-examinations before the USPTO?

I am available to meet and confer regarding these issues tomorrow after 10 a.m. (Pacific).

Chris

F. Christopher Austin
Weide & Miller, Ltd.

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To: F. Christopher Austin <caustin@weidemiller.com>
Cc: Weaver, Ashley <aeweaver@mcdonaldhopkins.com>; Cupar, David B. <dcupar@mcdonaldhopkins.com>; 'Rounds, Mike' <MRounds@BHFS.com>; Brian Prince <bprince@weidemiller.com>; James Morris <JMorris@weidemiller.com>
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- As to its defenses, uPost claimed privilege over all documents relating to the asserted patents (RFP No. 7), those considered in preparing its contentions (RFP No. 12), and those relating to alleged prior art (RFP No. 19). Please confirm, then, that uPost's invalidity, non-infringement, and unenforceability contentions are limited to those invalidity grounds raised in the ex parte reexaminations. If not, please produce uPost's contentions and the supporting documents as required by the Court's scheduling order and NSixty's discovery requests, including RFP Nos. 7, 12, and 19 and Interrogatory Nos. 15-19.

We are required to report back to the Court on February 2 with the status of obtaining this discovery and discussing settlement. Please let me know if you will be able to provide the requested information by Friday January 12. That will give NSixty one week to evaluate it, and the parties will have two weeks to discuss settlement. I look forward to your cooperation. Thank you.

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